

JOHN G. CESARE, JR.
Director
Nuclear Licensing

April 19, 1989

U.S. Nuclear Regulatory Commission
Mail Station P1-137
Washington, D.C. 20555

Attention: Document Control Desk

Gentlemen:

SUBJECT: Grand Gulf Nuclear Station
Unit 1
Docket No. 50-416
License No. NPF-29
Nuclear Property Insurance
AECM-89/0080

As committed in our letter dated March 30, 1989 (AECM-89/0070) System Energy Resources, Inc. is submitting the certificate of insurance for nuclear property insurance issued by Nuclear Mutual Limited for the policy period April 1, 1989 to April 1, 1990 (attached).

Also attached, in accordance with 10CFR140.15, are two certified copies of Endorsement Nos. 51 and 52 to American Nuclear Insurers (ANI) Policy No. NF-257, Endorsement Nos. 30 and 31 to Mutual Atomic Energy Liability Underwriters (MAELU) Policy No. MF-106, Endorsement No. 9 to ANI Policy No. N-79 and Endorsement No. 9 to MAELU Policy No. M-79.

Yours truly,

JGC:mcg
Attachments

cc: (See Next Page)

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PDR ADOCK 05000416
J PDC

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P. O. BOX 23070 | JACKSON, MISSISSIPPI 39225-3070 | (601) 984-9210
A Middle South Utilities Company

Mool
4/1

cc: Mr. W. T. Cottle (w/a)
Mr. T. H. Cloninger (w/a)
Mr. R. B. McGehee (w/a)
Mr. N. S. Reynolds (w/a)
Mr. H. L. Thomas (w/o)
Mr. H. O. Christensen (w/a)

Mr. Stewart D. Ebnetter (w/a)
Regional Administrator
U.S. Nuclear Regulatory Commission
Region II
101 Marietta St., N.W., Suite 2900
Atlanta, Georgia 30323

Mr. L. L. Kintner, Project Manager (w/a)
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Mail Stop 14B20
Washington, D.C. 20555

NUCLEAR
MUTUAL
LIMITED

Suite 1200
Manufacturers Hanover Plaza
1201 Market Street
Wilmington, DE 19801
U.S.A.
TEL 302 888 3000
FAX 302 888 3007 (Finance)
FAX 302 888 3008 (Insurance)

CERTIFICATE OF INSURANCE

ISSUED TO: Nuclear Regulatory Commission

ADDRESS: Washington, D.C. 20555
Attn: Document Control Desk

THIS IS TO CERTIFY that insurance has been effected with NUCLEAR MUTUAL LIMITED, 1201 Market Street, Suite 1200, Wilmington, Delaware 19801, under Policy No. C89-026 as follows:

MEMBER INSURED: System Energy Resources, Inc.

ADDRESS: c/o MSU System Services, Inc.
P.O. Box 61000, New Orleans, Louisiana 70161

PROPERTY INSURED: Grand Gulf Nuclear Station

ADDITIONAL INSUREDS: See Attached Schedule I

COVERAGE: Primary Property Insurance

AMOUNT OF INSURANCE: \$500,000,000

POLICY TERM: 12:01 a.m. on April 1, 1989 to 12:01 a.m. on
April 1, 1990, Standard time in Hamilton, Bermuda.

LOSS PAYEE CLAUSE: See Attached Schedule II


This Certificate is not transferable and may be cancelled by NUCLEAR MUTUAL LIMITED by giving 60 days written notice to the party to whom this Certificate is issued prior to cancellation of the insurance described herein, unless specifically provided for otherwise under the Terms, Conditions and Exceptions of the Policy.

THIS CERTIFICATE is for information only; it is not a contract of insurance but attests that a policy as numbered herein, and as it stands at the date of this Certificate, has been issued by the Company. Said policy is subject to change by endorsement and cancellation in accordance with its terms.

EFFECTIVE DATE OF THIS CERTIFICATE: April 1, 1989

CERTIFICATE EXPIRES: April 1, 1990, unless cancelled sooner.

Signed by:
NUCLEAR MUTUAL LIMITED



David H. Scott,
Vice President-Underwriting

SCHEDULE I C89-026

Insureds: System Energy Resources, Inc.; Middle South Energy, Inc., Middle South Utilities, Inc.; Mississippi Power & Light Company; South Mississippi Electric Power Association; Bechtel Corporation; Bechtel Power Corporation; and all subsidiary and affiliated entities now in existence or hereafter to be constituted.

ADDITIONAL INSUREDS

All persons, firms or corporations with whom a Named Insured has entered into any agreement which requires that Named Insured to maintain for the benefit of such person, firm or corporation, such insurance as is afforded by this policy and the following parties listed herein and their respective successors, assignees and transferees are also named as Additional Insureds:

1. Meridian Trust Company, 35 North Sixth Street, Reading, Pennsylvania 19601, not in its individual capacity but as Corporate Owner Trustee under the Trust Agreement No. 1, dated as of December 1, 1988, among Meridian Trust Company and Stephen M. Carta, each individually and as Owner Trustee, and Public Service Resources Corporation as Owner Participant, ("Trust Agreement No. 1"), and as owner of a 12.1168317% undivided interest in Grand Gulf Nuclear Station Unit 1 ("Interest 1");

2. Resources Capital Management Corporation, 80 Park Plaza, Newark, New Jersey 07101, as transferee Owner Participant under Trust Agreement No. 1, which Trust Agreement No. 1 pertains, among other things to Interest 1;

3. Meridian Trust Company, 35 North Sixth Street, Reading, Pennsylvania 19601, not in its individual capacity but as Corporate Owner Trustee under the Trust Agreement No. 2, dated as of December 1, 1988, among Meridian Trust Company and Stephen M. Carta, each individually and as Owner Trustee, and Lease Management Realty Corporation IV as Owner Participant, ("Trust Agreement No. 2"), and as owner of a 3.02920793% undivided interest in Grand Gulf Nuclear Station Unit 1 ("Interest 2"); and

4. Textron Financial Corporation, 10 Dorrance Street, P. O. Box 6687, Providence, Rhode Island 02940, as transferee Owner Participant under Trust Agreement No. 2, which Trust Agreement No. 2 pertains, among other things to Interest 2.

Item 11. The actual amount of insurance shall equal the replacement cost value of the property described herein but the Insurer shall not be liable for any loss in excess of (A) \$500,000,000 or (B) for a greater proportion of any loss hereunder which 120 percent of the Estimated Value bears to the Replacement Cost Value of the property on the date of such loss.

Item 12. "The Estimated Average Value has been determined by adding the Reported Value to the product of (a) the Estimated Additional Value multiplied by (b) 0.45. As soon after the end of the policy period as is practical, the Member Insured(s) shall report to the Insurer the replacement cost value of the property covered as of the last day of such policy period. The Member Insured(s) are obligated to file such report without regard to whether or not the Insurer has any obligation to pay any loss or the costs thereof under this Policy is cancelled or suspended.

The Average Value is equal to (a) the replacement cost value of the property described herein on the effective date of this Policy plus (b) the product of (i) the replacement cost value of the additions to property described herein by the termination date of this policy multiplied by (ii) 0.45. In determining (b) (i) above the replacement cost value of all additions shall be counted with no reduction for any losses covered hereunder and with appropriate adjustment for any other reductions in the replacement cost value of the property covered by this policy."

Item 13. "The difference between the Initial Premium and the Estimated Premium shall be paid to the Insurer by check or other method acceptable to the Insurer in four equal installments, payable one at the end of each quarter of the policy period (based on the number of days elapsed over the number of days in the policy period). The Estimated premium has been determined by using the Estimated Average Value. The Actual Premium consideration for liability assumed hereunder shall be determined by adjusting the Estimated Premium above after the expiration date of this Policy utilizing the Average Value.

The amount of additional or return premium shall be determined by the Insurer. Within twenty (20) days after demand, the Member Insured(s) will pay to the Insurer by check or other method acceptable to the Insurer the amount of additional premium, if any. No return premium will be paid if caused by a reduction in values due to a loss covered by this policy.

SCHEDULE II C89-026

Loss, if any, under this policy shall be adjusted with MSU System Services, Incorporated and payable (except as any loss as respects material and supplies and except any loss where the aggregate amount to be paid by Insurer in respect of such loss is less than \$100,000 which is payable to System Energy Resources, Inc.) to United States Trust Company of New York in accordance with the mortgage and deed of trust between Middle South Energy, Inc., and United States Trust Company of New York and Malcolm J. Hood, Trustees; River Fuel Funding Company #3, Inc. (as Lessor) and Morgan Guaranty Trust Company of New York (as Assignee), as their interest may appear in the Nuclear Fuel; Resources Capital Management Corporation as transferee Owner Participant with respect to Public Service Resources Corporation, the original Owner Participant under Trust Agreement No. 1, dated as of December 1, 1988, among Meridian Trust Company and Stephen M. Carta, each individually and as Owner Trustee, and Public Service Resources Corporation and as Owner Participant ("Trust Agreement No. 1"), which Trust Agreement No. 1 pertains, among other things, to a 12.1168317% undivided interest in Grand Gulf Nuclear Station Unit 1 ("Interest 1"), Meridian Trust Company as Corporate Owner Trustee under Trust Agreement No. 1 with respect to Interest 1, all as their interests may appear under Trust Agreement No. 1 and the other Transaction Documents as defined therein (all references contained herein to the Corporate Owner Trustee, or Owner Participant, respectively, shall include such persons and their respective successors, assigns and transferees in such capacities); Textron Financial Corporation as transferee Owner Participant with respect to Lease Management Realty Corporation IV, the original Owner Participant under Trust Agreement No. 2, dated as of December 1, 1988, among Meridian Trust Company and Stephen M. Carta, each individually and as Owner Trustee, and Lease Management Realty Corporation IV as Owner Participant ("Trust Agreement No. 2"), which Trust Agreement No. 2 pertains, among other things, to a 3.02920793% undivided interest in Grand Gulf Nuclear Station Unit 1 ("Interest 2"), Meridian Trust Company as Corporate Owner Trustee under the Trust Agreement No. 2 with respect to Interest 2, all as their interests may appear under Trust Agreement No. 2 and the other Transaction Documents as defined therein (all references contained herein to the Corporate Owner Trustee or Owner Participant, respectively, shall include such persons and their respective successors, assigns and transferees in such capacities); and the receipt of the payee so designated shall constitute a release in full of all liability with respect to such loss.

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT

CALENDAR YEAR 1989

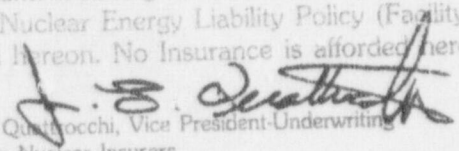
1. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is:

\$ 372,649.00

2. STANDARD PREMIUM AND RESERVE PREMIUM: In the absence of a change in the Advance Premium indicated above, it is agreed that, subject to the provisions of the Industry Credit Rating Plan, the Standard Premium is said Advance Premium and the Reserve Premium is:

\$ 280,888.00

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.

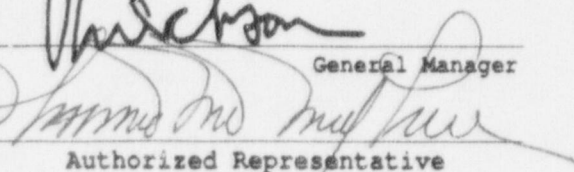

John L. Quattrocchi, Vice President-Underwriting
American Nuclear Insurers

Effective Date of this Endorsement January 1, 1989 To form a part of Policy No. NF-257
12:01 A.M. Standard Time

Issued to Mississippi Power & Light Company and System Energy Resources, Inc. and South Mississippi Electric Power Association
Date of Issue December 15, 1988

For the Subscribing Companies

By  General Manager

Countersigned by 
Authorized Representative

Endorsement No. 51

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT

CALENDAR YEAR 1989

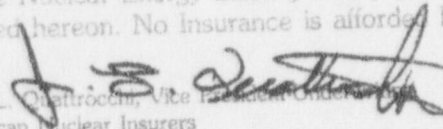
1. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is:

\$ 372,649.00

2. STANDARD PREMIUM AND RESERVE PREMIUM: In the absence of a change in the Advance Premium indicated above, it is agreed that, subject to the provisions of the Industry Credit Rating Plan, the Standard Premium is said Advance Premium and the Reserve Premium is:

\$ 280,888.00

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No insurance is afforded hereunder.

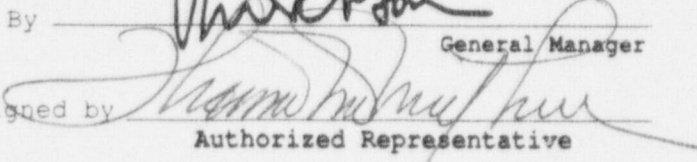

John L. Quattrone, Vice President Underwriting
American Nuclear Insurers

Effective Date of this Endorsement January 1, 1989 To form a part of Policy No. NF-257
12:01 A.M. Standard Time

Issued to Mississippi Power & Light Company and System Energy Resources, Inc. and
South Mississippi Electric Power Association
Date of Issue December 15, 1988

For the Subscribing Companies

By  General Manager

Countersigned by  Authorized Representative

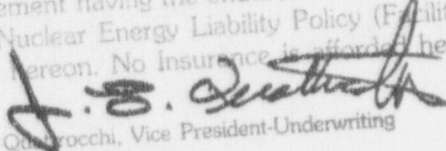
Endorsement No. 51

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

AMENDMENT OF CONDITION 4

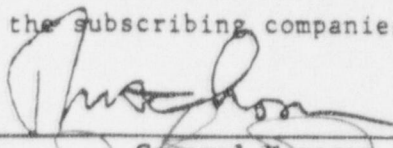
It is agreed that with respect to bodily injury or property damage caused after the effective date of this endorsement by the nuclear energy hazard, the figure "\$124,000,000" stated in Condition 4 of this policy is amended to read "\$155,000,000."

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated herein. No Insurance is afforded hereunder.

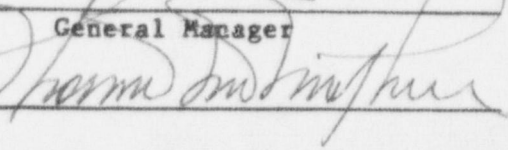

John L. Quattrocchi, Vice President-Underwriting
American Nuclear Insurers

Effective Date of this Endorsement August 31, 1988 To form a part of Policy No NF-257
12:01 A.M. Standard Time

Issued to Mississippi Power & Light Company and System Energy Resources, Inc. and
South Mississippi Electric Power Association
Date of Issue December 15, 1988 For the subscribing companies

By 
General Manager

Endorsement No 52

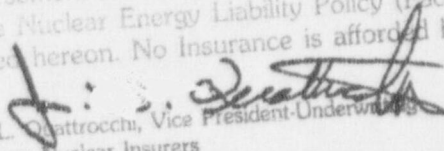
Countersigned by 

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

AMENDMENT OF CONDITION 4

It is agreed that with respect to bodily injury or property damage caused after the effective date of this endorsement by the nuclear energy hazard, the figure "\$124,000,000" stated in Condition 4 of this policy is amended to read "\$155,000,000."

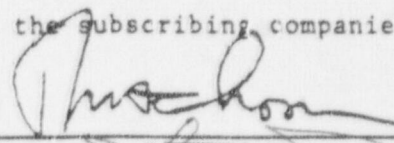
This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No insurance is afforded hereunder.


John L. Diattrocchi, Vice President-Underwriting
American Nuclear Insurers

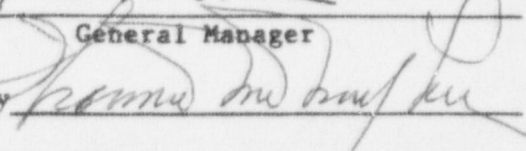
Effective Date of this Endorsement August 31, 1988 To form a part of Policy No NF-257
12:01 A.M. Standard Time

Issued to Mississippi Power & Light Company and System Energy Resources, Inc. and
South Mississippi Electric Power Association

Date of Issue December 15, 1988 For the subscribing companies

By 
General Manager

Endorsement No 52

Countersigned by 

Nuclear Energy Liability Insurance
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT

CALENDAR YEAR 1989

1. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is:

\$ 108,188.00

2. STANDARD PREMIUM AND RESERVE PREMIUM: In the absence of a change in the Advance Premium indicated above, it is agreed that, subject to the provisions of the Industry Credit Rating Plan, the Standard Premium is said Advance Premium and the Reserve Premium is:

\$ 81,548.00

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.

J. E. Santucci
John L. Chatteruchi, Vice President-Underwriting
American Nuclear Insurers

Effective Date of
this Endorsement

January 1, 1989

12:01 A.M. Standard Time

To form a part of Policy No. MF-106

Issued to Mississippi Power & Light Company and System Energy Resources, Inc. and
South Mississippi Electric Power Association

Date of Issue December 15, 1988

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By

Countersigned by

[Signature]
Authorized Representative

Endorsement No. 30

Nuclear Energy Liability Insurance
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT

CALENDAR YEAR 1989

1. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is:

\$ 108,188.00

2. STANDARD PREMIUM AND RESERVE PREMIUM: In the absence of a change in the Advance Premium indicated above, it is agreed that, subject to the provisions of the Industry Credit Rating Plan, the Standard Premium is said Advance Premium and the Reserve Premium is:

\$ 81,548.00

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated herein. No Insurance is authorized hereunder.

J. S. Quattrocchi
John L. Quattrocchi, Vice President-Underwriting
American Nuclear Insurers

Effective Date of this Endorsement January 1, 1989 To form a part of Policy No. MF-106
12:01 A.M. Standard Time

Issued to Mississippi Power & Light Company and System Energy Resources, Inc. and
South Mississippi Electric Power Association
Date of Issue December 15, 1988

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By *J. S. Quattrocchi*

Countersigned by *[Signature]*

Authorized Representative

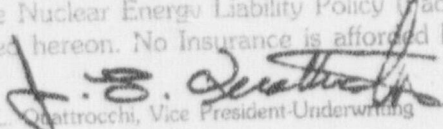
Endorsement No. 30

Nuclear Energy Liability Insurance
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

AMENDMENT OF CONDITION 4

It is agreed that with respect to bodily injury or property damage caused after the effective date of this endorsement by the nuclear energy hazard, the figure "\$36,000,000" stated in Condition 4 of this policy is amended to read "\$45,000,000."

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.

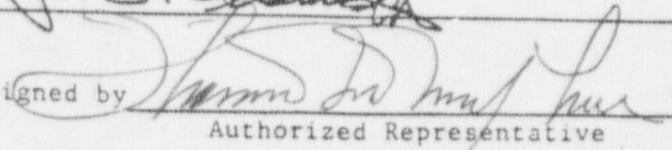

John L. Quattrocchi, Vice President-Underwriting
American Nuclear Insurers

Effective Date of this Endorsement August 31, 1988 To form a part of Policy No MF-106
12:01 A.M. Standard Time
Issued to Mississippi Power & Light Company and System Energy Resources, Inc. and
South Mississippi Electric Power Association
Date of Issue December 15, 1988 For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By 

Endorsement No 31

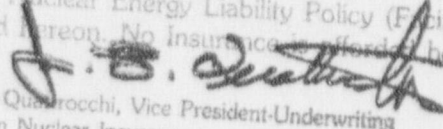
Countersigned by 
Authorized Representative

Nuclear Energy Liability Insurance
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

AMENDMENT OF CONDITION 4


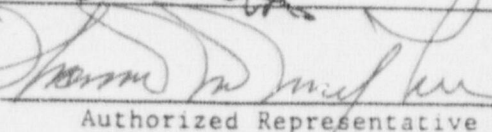
It is agreed that with respect to bodily injury or property damage caused after the effective date of this endorsement by the nuclear energy hazard, the figure "\$36,000,000" stated in Condition 4 of this policy is amended to read "\$45,000,000."

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No insurance is afforded hereunder.


John L. Quadrocchi, Vice President-Underwriting
American Nuclear Insurers

Effective Date of this Endorsement August 31, 1988 To form a part of Policy No MF-106
12:01 A.M. Standard Time
Issued to Mississippi Power & Light Company and System Energy Resources, Inc. and
South Mississippi Electric Power Association
Date of Issue December 15, 1988 For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By 
Countersigned by 
Authorized Representative

Endorsement No 31

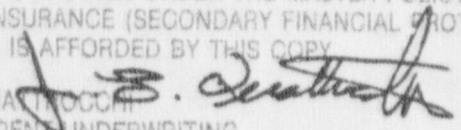
Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ANNUAL PREMIUM ENDORSEMENT

Calendar Year 1989

ANNUAL PREMIUM: It is agreed that the Annual Premium due the companies for the period designated above is: \$ 5,813.00.

THIS IS TO CERTIFY THAT THIS IS A TRUE COPY OF THE ORIGINAL CERTIFICATE, BEARING THE NUMBER DESIGNATED HEREON, FOR INSURANCE COVERAGE UNDER THE MASTER POLICY-NUCLEAR ENERGY LIABILITY INSURANCE (SECONDARY FINANCIAL PROTECTION). NO INSURANCE IS AFFORDED BY THIS COPY.


JOHN L. QUATTROCCHI
VICE PRESIDENT UNDERWRITING
AMERICAN NUCLEAR INSURERS

Effective Date of this Endorsement January 1, 1989 To form a part of Certificate No. N-79

12:01 A.M. Standard Time

Mississippi Power & Light Company and System Energy Resources, Inc. and
Issued to South Mississippi Electric Power Association

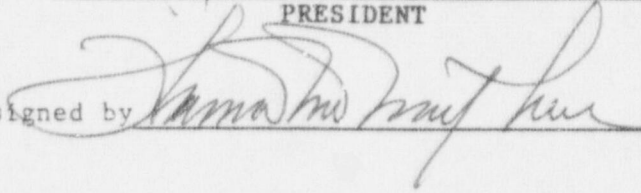
Date of Issue December 15, 1988

For the Subscribing Companies

By 

PRESIDENT

Endorsement No. 9

Countersigned by 

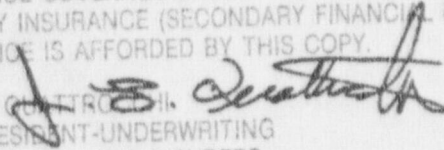
Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ANNUAL PREMIUM ENDORSEMENT

Calendar Year 1989

ANNUAL PREMIUM: It is agreed that the Annual Premium due the companies for the period designated above is: \$ 5,813.00.

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JOHN L. GENTRY III.
VICE PRESIDENT-UNDERWRITING
AMERICAN NUCLEAR INSURERS

Effective Date of this Endorsement January 1, 1989 To form a part of Certificate No. N-79

12:01 A.M. Standard Time

Issued to Mississippi Power & Light Company and System Energy Resources, Inc. and South Mississippi Electric Power Association

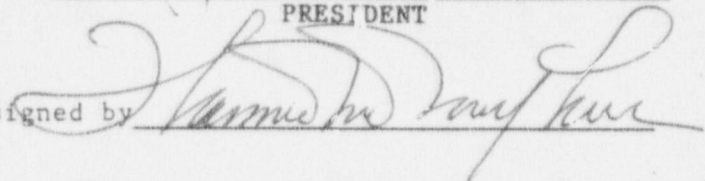
Date of Issue December 15, 1988

For the Subscribing Companies

By 

PRESIDENT

Endorsement No. 9

Countersigned by 

Nuclear Energy Liability Insurance
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

ANNUAL PREMIUM ENDORSEMENT

Calendar Year 1989

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J. S. Quattrocchi
JOHN L. QUATTROCCHI
VICE PRESIDENT UNDERWRITING
AMERICAN NUCLEAR INSURERS

Effective Date of
this Endorsement January 1, 1989 To form a part of Certificate No. M-79
12:01 A.M. Standard Time

Mississippi Power & Light Company and System Energy Resources, Inc. and
Issued to South Mississippi Electric Power Association

Date of Issue December 15, 1988

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By *J. S. Quattrocchi*

Countersigned by *William W. Taylor*

Endorsement No. 9

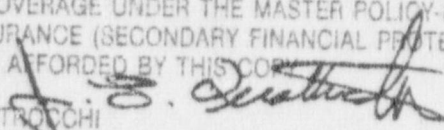
Nuclear Energy Liability Insurance
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

ANNUAL PREMIUM ENDORSEMENT

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LIABILITY INSURANCE (SECONDARY FINANCIAL PROTECTION). NO
INSURANCE IS AFFORDED BY THIS COPY.


JOHN L. QUATTROCCHI
VICE PRESIDENT-UNDERWRITING
AMERICAN NUCLEAR INSURERS

Effective Date of
this Endorsement January 1, 1989 To form a part of Certificate No. M-79
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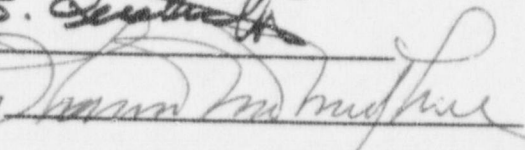
Mississippi Power & Light Company and System Energy Resources, Inc. and
Issued to South Mississippi Electric Power Association

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For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By 

Countersigned by 

Endorsement No. 9